

Message Text

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PAGE 01 SAO PA 01809 151719Z

43

ACTION EB-05

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FM AMCONSUL SAO PAULO

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AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

UNCLAS SAO PAULO 1809

COMMERCE PASS A. STERLING BIC/OIM/MRD-216 AND T. JOHNSON OIM/LA

E.O. 11652: N/A

TAGS: BFOL, BR

SUBJECT: OIM/TIR: MARKAD

REF SAO PAULO 1774

1. CONGEN DISCUSSED IDEA OF MORE PERMANENT RELATIONSHIP WITH MARKAD PRESIDENT STEVENS, WHO WAS INTERESTED IN PURSUING MATTER FURTHER. HE IS PREPARED TO UNDERTAKE THREE TO FIVE STUDIES PER YEAR ON FIXED FEE PER STUDY BASIS, BUT HAS REQUESTED THAT FOLLOWING CONDITIONS BE AGREED UPON AS PART OF CONTRACT:

A) A "DEFINITIVE LIST" OF THE STUDIES INVOLVED, SO THAT HE CAN FACTOR INTO FINAL COST ANY TRAVEL OUTSIDE OF SAO PAULO WHICH MAY BE INVOLVED; B) A SIX WEEK PERIOD BETWEEN DELIVERY DATES OF INDIVIDUAL STUDIES I.E., ONLY PARTIAL OVERLAPS ARE ACCEPTABLE TO HIM BECAUSE OF HIS LIMITED RESOURCES; AND C) A CONTINUATION OF THE PRESENT PAYMENT TERMS I.E., 30 PERCENT UPON SIGNING, 30 PERCENT UPON COMPLETION, REMAINING 40 PERCENT UPON ACCEPTANCE BY COMMERCE.

2. WITH EXCEPTION OF PROPOSED STUDY ON AGRICULTURAL MACHINERY WHICH WILL REQUIRE TRAVEL TO PORTO ALEGRE, OTHER STUDIES MENTIONED IN STIRLING LETTER CAN BE DONE LARGELY WITHIN GREATER SAO PAULO, WITH ONLY LIMITED TRAVEL TO RIO, BOTH FOR INTERVIEWS AND TO OBTAIN STATISTICAL DATA FROM CACEX. ALTHOUGH UNCLASSIFIED

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PAGE 02 SAO PA 01809 151719Z

PACKAGE DEAL WILL ENABLE STEVENS TO BETTER PROGRAM HIS

RESOURCES, CONTINUING INFLATION IN BRAZIL COULD RAISE HIS COSTS BY 15-20 PERCENT DURING COURSE OF CONTRACT PERIOD. NO DOUBT HE WILL TAKE THIS INTO CONSIDERATION IN ARRIVING AT HIS FINAL PRICE. HE HAS ALREADY INDICATED THAT HIS BID FOR MFE QUOTE CANNOT POSSIBLY BE BELOW \$5,000 UNQUOTE. (WE BELIEVE HE WILL ACCEPT LESS BUT DETAILED STATISTICS AND COST BREAKDOWN FOR THIS STUDY WILL ADD SIGNIFICANTLY TO PREPARATION TIME.) ANY EXTENDED ARRANGEMENT, HOWEVER, WILL PROBABLY BE UN-ACCEPTABLE TO HIM FOR FEES UNDER \$4,500-\$4,800 PER STUDY.

3. CONGEN WILL CONTINUE PRESS STEVENS REGARDING REASONABLE FEES BUT IN ORDER TO DO THIS WE REQUIRE GUIDANCE ON HIS PROPOSED CONDITIONS AS OUTLINED IN PARAGRAPH 1 ABOVE. SINCE ANNUAL CONTRACT WOULD ASSURE HIM OF STEADY INCOME IN WORK WITH WHICH HE NOW QUITE FAMILIAR, WE BELIEVE THERE ARE GOOD PROSPECTS FOR FINAL AGREEMENT ON ANNUAL CONTRACT FOR 3 TO 5 STUDIES, PERHAPS IN THE \$4,500 PRICE RANGE PROVIDED OTHER CONDITIONS MET. COMMERCE SHOULD BE AWARE, THAT CONTINUATION OF MARKETING PROGRAM HERE WILL NECESSITATE SOME ACCOMMODATION WITH MARKAD IN ORDER TO ASSURE QUALITY WORK AT ACCEPTABLE PRICES, SINCE LARGER FIRMS SUCH AS BOOZ ALLEN, SIMONSEN, ADELA, ETC. ARE IN \$10,000-\$20,000 PER STUDY PRICE RANGE. CONGEN WOULD APPRECIATE PROMPT RESPONSE TO POINTS RAISED PARA 1, AND IF THESE ARE ACCEPTABLE, GUIDANCE ON SPECIFIC CONTRACT TERMS WE MIGHT CONSIDER IMPORTANT. WE WOULD LIKE TO STRIKE WHILE THE IRON IS HOT ON THIS AND POSSIBLY TAKE ADVANTAGE OF PACKAGE PRICE ON MFE (ALTHOUGH, AS INDICATED ABOVE THIS MAY NOT BE POSSIBLE).

4. MFE BID WILL BE SUBMITTED BY CONGEN AUGUST 27.
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